



State Board of Equalization

News Release

Vice Chair Michelle Steel

3rd District – Orange County

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Executive Director
www.boe.ca.gov

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Michelle Steel Warns: Don't Pay More Use Tax than You Owe

Orange County – As many Californians prepare their 2012 personal state income tax returns, Board of Equalization Vice Chair Michelle Steel warns taxpayers to watch out when using the *Use Tax Lookup Table* provided with their income tax returns.

The Lookup Table allows taxpayers to *estimate* “use tax”, based on California Adjusted Gross Income. However, “Use tax owed is not based on income, but on actual purchases for which sales tax was not collected,” Vice Chair Steel says.

“Especially now that certain online retailers, such as Amazon.com, are required to collect California sales tax, taxpayers should look carefully at their receipts or online records before using the Lookup Table, to make sure they don't accidentally pay more than they owe.”

The use tax was created in 1935 as a counterpart to the California sales tax, and it is owed on purchases made out-of-state when a retailer did not collect the sales tax. Use tax is generally due on purchases made by mail order or online. Generally, the use-tax rate is equal to your local sales tax rate.

If taxpayers do decide to use the Lookup Table, Steel advises, “Check your records first to ensure your estimated liability is in line with what you think you owe. There is no reason to pay estimated use tax if you don't owe it.”

See the Use Tax Table on the BOE website <http://1.usa.gov/UseTaxTable>

California City and County Sales and Use Tax Rates www.boe.ca.gov/sutax/pam71.htm

For more information, visit California Use Tax Information
www.boe.ca.gov/taxprograms/usetax/index.html or call 1-800-400-7115.

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Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive

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leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$53.7 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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